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C O N F I D E N T I A L SECTION 01 OF 04 MEXICO 005466

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SUBJECT: MEXICAN CONGRESS BUILDS CONFIDENCE DURING ACTIVE
LEGISLATIVE YEAR

Classified By: Classified By:DCM Leslie Bassett. Reason: 1.4 (b),(d)

11. (C) SUMMARY: Mexico's legislature has moved beyond its rubber stamp role of years past and begun playing a formative role in the advancement of critical bills. Strong inter-party and party-government dialogue, as well as the powerful impetus provided by the three senior party leaders in the Senate, has helped to advance a number of key reforms. Legislators say they are keen to tackle additional reforms in coming months, including energy, judicial, and political reforms. All this activity could slow down considerably with the session ending in April 2008, at which point the parties will begin staking out their political ground ahead of the 2009 mid-term elections. End Summary.

Historic Times in Congress

12. (C) Poloffs and Embassy TDY'rs spent two weeks sounding out a variety of legislative contacts in late September/early October. Conversations across party lines, with both legislators and staffers provided an excellent snapshot of an institution that is feeling more self-confidence than at any other time in recent history. Most contacts note that the 60th congress has been unusually active with a general attitude that the level of negotiation between parties is unprecedented. Jeff Weldon, a professor of political science at ITAM and congressional expert, told Emboffs that the current session may turn out to be the most active in the last 15 years. Iran Moreno Sanchez, PRD adviser to the Foreign Relations Committee in the Chamber of Deputies, agreed that the mood in congress is optimistic. Parties feel they are increasingly passing bills of their own drafting and initiative rather than just approving the executive's and that meetings and coordination sessions now mean something. While the 2000 elections ushered in some change, many blame President Fox's poor negotiating skills for contributing to stalemate. Adriana Gonzalez, a PAN Senator, told Emboffs that thanks to the current dynamic, "we can move forward on bills that have been around for ten years."

Senate Trumps Deputies

13. (C) Contacts in both houses agree that the Senate holds greater influence than the Chamber of Deputies, a far larger,

more unwieldy body where members enjoy shorter terms. PRI Deputy Luis Enrique Benitez Ojeda (spokesman for the PRI bloc) told Emboffs that with around 500 deputies, the Chamber manages its agenda with difficulty. PRD Deputy Erick Lopez Barriga commented that with only a three-year term, a learning curve to master and no possibility of re-election, deputies do not have the opportunity to gain nearly as much expertise as their counterparts in the Senate who serve for six years. According to Lopez, there are some exceptions to the rule among a minority of Deputies who develop expertise in a few issue areas while serving in various party positions.

14. (C) By all accounts, the most powerful figures in Congress are in the Senate: PAN Speaker Santiago Creel, PRI Coordinator Manlio Fabio Beltrones, and PRD Coordinator Carlos Navarrete. According to Senator Gonzalez all three wield enormous clout and are responsible for most of the progress made on key reforms. Each ensures that items are coordinated through their parties first, and works closely with the others to negotiate. Guillermo Flores, a PRD advisor in the Chamber of Deputies added that the party leaders in the upper house have more flexibility in negotiating policies than their colleagues in the lower house. Creel, Beltrones, and Navarrete can negotiate directly, but Chamber leaders are more restricted. For example, he noted that PRD Coordinator Javier Gonzalez Garza takes his cues from party leadership and has very little independence to go his own way, in part because he lacks strong ties to any of the key party factions. On the other hand, Carlos Navarrete is widely respected among the New Left and thus speaks with greater confidence and independence. Flores added that it also helps that Navarrete heads a bloc

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almost entirely composed of New Left loyalists, whereas Gonzalez Garza has to contend with between 20 and 25 Deputies who support Lopez Obrador. Similarly, PAN Coordinator Hector Larios and PRI Coordinator Emilio Gamboa lack the authority of Creel and Beltrones, respectively, according to Flores.

Lobbying A "Growth Industry" in Mexico

15. (C) Although still not as pronounced as in the U.S., in ten years the number of lobby groups has grown in Mexico. "It's a growth industry," said ITAM professor Jeff Weldon, said that many of his former students are now lobbyists. Congress's increasing plurality now means there are now more people and parties to reach out. Moreover, as inter-party negotiations become more common and congress carves out a larger role for itself, more people are acquiring influence. Besides party leaders, lobbyists must engage committee chairs, behind-the-scenes players, and others. Some say this argues in favor of re-election to increase the number of veteran legislators less susceptible to being swayed by lobbyists because they lack an information base.

Negotiations

16. (C) PRI and PRD contacts generally acknowledge Calderon's disposition toward dialogue and flexibility in contrast to his successor. Calderon also makes his Cabinet accessible to Congress, with Secretaries regularly appearing in Congress to keep legislators informed on where the executive stands on pending issues. The clear favorite is Secretary of Finance and Public Credit Agustin Carstens, who has won over members of all parties with his respectful and gracious attitude. Edgar Camargo, a Bank of America economist and former employee of Carstens, told Emboffs Carstens is an engaging and skilled negotiator, particularly in the areas of fiscal and energy reform. All executive elements maintain liaisons with relevant committees, however. According to Weldon, each

Secretariat maintains contact with its corresponding

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congressional committee, often in the form of a "subsecretario de relaciones congressistas," who reviews and comments on pending legislation.

Juntas, Mesas, and Committees

17. (C) Each chamber has a Junta Coordinativa and a Mesa Directiva. The Juntas are the more powerful, where session agendas are set and top-level negotiations on specific issues coordinated. The Mesas simply manage the proceedings of the plenary sessions. According to many contacts, the Senate Junta is the most influential congressional body. Nevertheless, the heads of the Mesa Directivas can play a central role in setting the pace of a session. Ruth Zavaleta has proved to be a positive force in the Chamber. Erick Lopez Barriga, a PRD Deputy, told us that he and others had doubts about her, thinking that she may prove too meek, a trait that would have impeded progress on a complicated agenda. Instead, however, he described her as a firm, to-the-point, figure who has developed a reputation among all parties for being impartial. She runs a tight ship and keeps things moving by going by the book and making sure all sides are playing by the same set of rules. This disposition helped the Chamber move through discussions on fiscal and electoral reforms.

18. (C) Although most of the decisions on key issues are made behind closed doors by the dominant players, congressional committees play an important role in the policy process, particularly on more "routine" measures, according to Weldon.

Committee chairs can sometimes become key players themselves, although the extent of their involvement depends on personality, their position in the party, and the political sensitivity of the topic at hand. Issues are often decided at the party level or by the top negotiators in the Senate (i.e. Creel, Beltrones, and Navarrete). Weldon

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explained that originally, each chamber was supposed to have one committee for each government secretariat. There are now many more committees, thus some members (particularly in the Senate) have multiple committee positions. One of the reasons for this is that committee chairs receive an extra salary stipend and extra staffers. The more committees that are set up, the more members can be given these plum positions. Moreover, most chairs often demand that their staffers return portions (half in some cases) of their salary to the chairs.

A Full Agenda

19. (C) Many of our contacts indicated that parties are dissatisfied with the final results of some of the recently passed reforms. This attitude of things left undone has prompted many to speculate that the congress will revisit these issues, including fiscal and electoral reforms.

--Fiscal reform: PRI Deputy Benitez Ojeda told Emboffs that the fiscal reform package would not yield sufficient revenue.

He said that as originally proposed, the reform would have brought in \$30 billion in revenue, but as a result of concessions and changes this figure now falls in the \$10-12 billion range. For this reason, he noted the PRI will push for additional measures to make up for this shortfall. He did not elaborate on what form these could take, or whether the PAN was on board with the idea of revisiting these issues.

--Electoral Reform: Contacts in the PRI and PRD advise that

while the recently passed electoral reform restricts how parties can fund media campaigns, parties are already looking into workarounds. For example, one PRD contact told us that one way around this law is to quietly pay journalists to do a story on them or an interview. Benitez Ojeda commented that the money parties are no longer able to spend on the media will be used to fund old-school campaign tactics, such as 'buying' votes by popular spending. He said parties may revisit this law to further define how campaign funds can and cannot be used.

¶10. (C) In addition to possibly revisiting some previous reforms, congressional contacts fully expect the Congress to move forward on political, justice, and energy reforms.

--Political reform: Much interest, but little consensus, exists in passing several political reforms. Our contacts said re-election of deputies, senators, and municipal presidents was on the agenda. Jeff Weldon commented that a 12 year limit for each house (two terms for senators; four terms for deputies) has been floated. We also heard talk of decreasing the number of deputies in the Chamber to somewhere between 300-400. Either move will likely be subject to much debate. PRD advisor Inigo Martinez says that his party and the PRI are also discussing the creation of a so called "Chief of Staff," who would coordinate negotiations between the legislative and executive branches. Martinez confirmed that the PRI and PRD are generally on board with this idea, but the PAN has held back; to win the PAN over the debate is now centering on introducing the position in 2012.

--Judicial reform: All three parties agree on the need to improve Mexico's justice system. The PAN and the PRI seem to generally agree on issues such as oral trials and improving the handling of evidence. They also appear to support giving police and prosecutors a wider array of investigative powers, including expediting police searches and wiretaps. The PRD is less supportive of broadened police powers, and will probably oppose many proposed measures in Congress.

--Energy reform: The PAN has given the PRI the lead on energy reform. Observers agree that PRI Senator Francisco Labastida, as head of the Senate Energy Commission is taking the lead role in preparing the first draft of the reform. Bank of America analyst Edgar Camargo points out, however, that the PRI will approach with caution any tenets that would threaten workers given that the PEMEX union continues to be an important political base for the party.

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Looking Ahead

¶11. (C) Virtually all contacts agree, that the PRI and PAN will likely work together through the Spring session in April ¶2008. Some even hope that the PRD will become more open to cooperation after its internal election in March 2008. Senator Gonzalez, for instance, said that PRD moderates tell the PAN that they would like to take a more proactive role, but fear antagonizing factions aligned with Lopez Obrador; many in the party hope that the New Left will further erode Lopez Obrador's influence in March party elections. Even so, however, most observers agree that next Spring's session, which ends in April 2008, will be the last chance to advance major legislation. After this parties will shift to campaign mode ahead of the 2009 mid-term elections. Nevertheless, while negotiations on key issues, such as major reforms, is expected to have concluded, Congress will not grind to a halt. According to Jeff Weldon, there will be a flurry of activity on less important measures as late as Spring 2009 as deputies s race to "impart their DNA" prior to leaving office.

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